

LESSONS FROM SHIBUSAWA EIICHI

THE MAN WHO FORMED THE FOUNDATION OF JAPANESE CAPITALISM

SHIBUSAWA Eiichi—the industrialist who helped build Japan’s new economic system in the late 19th to early 20th centuries and who was involved in the establishment and management of nearly 500 companies. What lessons are there to learn from this man, who made it his goal to build a fair and inclusive capitalist economy based on his unwavering stance of placing importance on not only profits, but public interests as well?

The global economy is now at a major turning point. Capitalism has long brought prosperity to the world, and since the 1980s, neoliberalism, with its focus on free-market competition, has been the wellspring for growth. Yet, it also has increased poverty and social disparities, and made the issue of climate change more serious by placing larger burdens on the natural environment. Amid such a situation, the world has begun seeking out a new model for capitalism. Prime Minister Kishida of Japan, who assumed office in October of 2021, announced his determination to realize a “new form of capitalism,” stating that the government will generate growth by solving such issues as climate change, and will distribute the fruits of this growth to human capital so as to achieve further growth. By creating such a virtuous cycle of growth and distribution, he aims to build a sustainable economy.

More than a century ago in Japan, there was a



A book compiling Shibusawa’s thoughts on various issues, *The Analects of Confucius and the Abacus*, is still widely read to this day. Due to his contribution to Japan’s modern economy, he has been selected to become the face of the new 10,000-yen bill in 2024.
FROM TOP: GETTY IMAGES, THE MAINICHI NEWSPAPERS



man who similarly pursued not only profits but also public interests, aiming to realize a fair and inclusive form of capitalism. This was SHIBUSAWA Eiichi, an industrialist active from the late 19th to early 20th centuries, and who is known as the “father of Japanese capitalism.” At that time, Japan was confronted with the daunting task of rebuilding its political, economic, and social foundations in order to modernize the country after the end of more than 200 years of national seclusion in 1854.

A key figure taking up this challenge was Shibusawa.

Recognized at a young age for his resourcefulness, he was mandated by the government to travel to Europe when he was 27 years old, where he witnessed advanced industrial and economic systems. Upon his return to Japan, he quickly climbed the bureaucratic ladder to become a high-ranking official in the Ministry of Finance, but resigned at the age of 33 to promote private-sector business. He then established



Left: June 1878, in the early days after the Tokyo Stock Exchange was opened as Japan’s first official stock-exchange organization. THE MAINICHI NEWSPAPERS
Right: Photo of Shibusawa (front row, third from the left) together with faculty members from Japan Women’s University at the time of its founding. In addition to serving as president of this university, Shibusawa was the director of Tokyo Jogakkan Schools for Women, which he also helped to found.
JAPAN WOMEN’S UNIVERSITY



Japan’s first bank in 1873 and the stock exchange in 1878. He applied himself to directing funds to a broad range of new industries, from sectors concerned with infrastructure to textiles and insurance, and was involved in the establishment and management of nearly 500 companies.

“Many of the companies that Shibusawa helped establish in a diversity of fields remain today. This cannot be found in any other country in the world,” says Christina Ahmadjian, professor at Hitotsubashi University Graduate School of Business Administration, and the director of the Shibusawa Scholar Program. Moreover, the world-renowned economist Peter Drucker mentioned in his book, *The Age of Discontinuity*, that “[Shibusawa’s] achievements were a good deal more spectacular than those of Rothschild, Morgan, Krupp, or Rockefeller.”

Ahmadjian notes, “Rather than on profiting for himself, his business ideas were always based on how to create a society in which people are happy. He believed in the power of business as the engine to solve social problems and create a better world.” What Shibusawa advocated was *gapponshugi*, which can be defined as the pursuit of profits and the raising of capital through stock—similar in concept to ordinary capitalism—while also calling for the pursuit of public interests and the distribution of profits to all stakeholders. “Shibusawa’s goal was to create a fair and inclusive economy that would enrich the lives of a broad range of people and provide them with various opportunities,” says Ahmadjian.

Believing that nurturing talent for new businesses would lead to the creation of a prosperous nation,

Shibusawa also focused on education. He established many schools specializing in business, including the Commercial Training School (now Hitotsubashi University), and gave lectures and guidance at various organizations and meetings. Additionally, so that women—who make up half of the population—could contribute more to society, he also advocated the necessity of their higher education and supported the establishment of such schools as Tokyo Jogakkan Schools for Women and Japan Women’s University. According to Ahmadjian, “Looking now at the SDGs, you can see that Shibusawa had already put most of them into practice, including gender equality. The essence of the challenges facing human society is the same in any era. Shibusawa was able to grasp that essence.”

How can we create a world that will bring happiness to people? As new ordeals shake the global economy, now may be the time for us to look to Shibusawa’s doctrine for new hints on how to address this basic question. ●

Christina Ahmadjian, professor at Hitotsubashi University Graduate School of Business Administration, and the director of the Shibusawa Scholar Program, which has the goal of nurturing global leaders. “Now, more than ever, the world needs leaders like Shibusawa,” she says. “Shibusawa is a really good role model, not just for his visions but for his ability to act on them. The world has a lot to learn from him.”

